

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: January 27, 1996

SUBJECT: **HB 2044 - SB 2149**

This bill, if enacted, will require managed care organizations, preferred provider organizations and health maintenance organizations to do business with any properly licensed and certified home health agency. Each MCO is required to use a uniform set of standards, established by the Department of Commerce and Insurance, for prior approval, admission requirements, supplies and number of visits.

The bill also establishes an appeal system that is separate from the present TennCare process when an MCO denies coverage. The bill requires the Bureau of TennCare to establish uniform and equal reimbursement rates among all MCOs.

The fiscal impact from enactment of this bill is estimated to be an increase in expenditures to the TennCare program. The provisions of this bill will cause an increase in capitation rates since it affects existing procedures used to control cost. The amount of such increase cannot be determined but can be estimated to exceed \$100,000 in the long run.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial 'J'.

James A. Davenport, Executive Director